



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2007
OF THE CONDITION AND AFFAIRS OF THE

Physicians Health Plan of South Michigan

NAIC Group Code 0000, 3594 NAIC Company Code 52564 Employer's ID Number 38-3311905
(Current Period) (Prior Period)

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as business type:
Life Accident and Health [] Property/Casualty [] Hospital, Medical and Dental Service or Indemnity []
Dental Service Corporation [] Vision Service Corporation [] Other []
Health Maintenance Organization [X] Is HMO Federally Qualified? Yes () No (X)

Incorporated/Organized April 17, 1996 Commenced Business May 1, 2000

Statutory Home Office One Jackson Square, Jackson, Michigan 49201
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office One Jackson Square, Jackson, Michigan 49201 800-428-7163
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address One Jackson Square, Jackson, Michigan 49201
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records One Jackson Square, Jackson, Michigan 49201
(Street and Number, City or Town, State and Zip Code)
800-428-7163
(Area Code) (Telephone Number)

Internet Website Address phpcares.com

Statutory Statement Contact Frank Reilly 800-428-7163
(Name) (Area Code) (Telephone Number) (Extension)
freilly@hazengroup.com
(E-Mail Address) (Fax Number)

OFFICERS

Wynn Hazen (Interim President)
Jeanne Wickens (Secretary/Treasurer)
Wynn Hazen (Interim CFO)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Brian Adamczyk, MD
Jan Blair
Georgia Fojtasek
K V Rao, MD
Beth Smith
Richard Warren
Jeanne Wickens
Phil Miller
Michael Shore
Ed Woods

State of Michigan }
County of Jackson } SS

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Wynn Hazen Interim President Jeanne Wickens Secretary/Treasurer Wynn Hazen Interim CFO

Subscribed and sworn to before me this day of
a. Is this an original filing? Yes (X) No ()
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
0199999 - TOTAL - Individuals	(1,754)	(2,866)	441	8,876	4,613	83
Group subscribers	170,236	22,006	40,007	45,563	45,563	232,849
0299997 - Subtotal - Group subscribers	170,236	22,006	40,007	45,563	45,563	232,849
0299999 - TOTAL - Group	170,236	22,006	40,007	45,563	45,563	232,849
0599999 - Accident and health premiums due and unpaid (Page 2, Line 13)	168,482	19,140	40,448	54,439	50,176	232,932

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
Pharmaceutical Rebate Receivables						
Merk Medco	185,306					185,306
0199999 - Pharmaceutical Rebate Receivables	185,306					185,306
Claim Overpayment Receivables						
.....	10,048	11,631	30,369	15,768	15,786	52,048
0299999 - Claim Overpayment Receivables	10,048	11,631	30,369	15,768	15,786	52,048
Loans and Advances to Providers						
.....				789,986		789,986
0399999 - Loans and Advances to Providers				789,986		789,986
0799999 - Gross Health Care Receivables	195,354	11,631	30,369	805,754	15,786	1,027,340

EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0599999 - Unreported claims and other claim reserves.....						7,693,385
0799999 - Total claims unpaid.....						7,693,385
0899999 - Accrued medical incentive pool and bonus amounts.....						1,783,774

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables							
W. A. Foote				1,200,000		1,200,000	
0199999 - Subtotal - Individually listed receivables				1,200,000		1,200,000	
0399999 - TOTAL gross amounts receivable				1,200,000		1,200,000	

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
Individually listed payables				
PHP Shared Services Organization.....	service fees.....	800,503	800,503	
W.A. FooteHospital.....	expense reimbursements.....	12,864	12,864	
0199999 - Subtotal - Individually listed payables.....		813,367	813,367	
0399999 - TOTAL gross payables.....		813,367	813,367	

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Physicians Health Plan of South Michigan

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a Percentage of of Total Payments	3 Total Members Covered	4 Column 3 as a Percentage of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups						
2. Intermediaries						
3. All other providers						
4. Total capitation payments						
Other Payments:						
5. Fee-for-service	4,724,242	7.989	X X X	X X X		4,724,242
6. Contractual fee payments	54,409,501	92.011	X X X	X X X	13,196,408	41,213,093
7. Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments			X X X	X X X		
9. Non-contingent salaries			X X X	X X X		
10. Aggregate cost arrangements			X X X	X X X		
11. All other payments			X X X	X X X		
12. Total other payments	59,133,743	100.000	X X X	X X X	13,196,408	45,937,335
13. Total (Line 4 plus Line 12)	59,133,743	100%	X X X	X X X	13,196,408	45,937,335

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
Transactions with intermediaries					
..... Foote Behavioral Health					
9999999 - TOTAL Transactions with intermediaries					

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Physicians Health Plan of South Michigan

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

	1	2	3	4	5	6
Description	Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1. Administrative furniture and equipment	220,782		155,201	65,581	65,581	
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total	220,782		155,201	65,581	65,581	



ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Physicians Health Plan of South Michigan

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION Physicians Health Plan of South Michigan

2. Jackson, Michigan

(LOCATION)

NAIC Group Code: 0000

NAIC Company Code: 52564

BUSINESS IN THE STATE OF MICHIGAN DURING THE YEAR 2007

	1	Comprehensive (Hospital and Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	21,857	144	21,713							
2. First Quarter	18,884	145	18,739							
3. Second Quarter	18,069	136	17,933							
4. Third Quarter	17,550	127	17,423							
5. Current Year	11,086		11,086							
6. Current Year Member Months	207,567	1,376	206,191							
Total Member Ambulatory Encounters for Year:										
7. Physician	102,350	1,053	101,297							
8. Non-Physician	35,961	370	35,591							
9. Total	138,311	1,423	136,888							
10. Hospital Patient Days Incurred	3,315	23	3,292							
11. Number of Inpatient Admissions	1,207	20	1,187							
12. Health Premiums Written (b)	63,844,696	426,225	63,418,471							
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned										
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	59,133,747	392,009	58,741,738							
18. Amount Incurred for Provision of Health Care Services	57,535,078	381,411	57,153,667							

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$



ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Physicians Health Plan of South Michigan

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION

2.

(LOCATION)

NAIC Group Code: 0000

NAIC Company Code: 52564

BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2007

	1	Comprehensive (Hospital and Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	21,857	144	21,713							
2. First Quarter	18,884	145	18,739							
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5. Current Year	11,086		11,086							
6. Current Year Member Months	207,567	1,376	206,191							
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9. Total	138,311	1,423	136,888							
10. Hospital Patient Days Incurred	3,315	23	3,292							
11. Number of Inpatient Admissions	1,207	20	1,187							
12. Health Premiums Written (b)	63,844,696	426,225	63,418,471							
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned										
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	59,133,747	392,009	58,741,738							
18. Amount Incurred for Provision of Health Care Services	57,535,078	381,411	57,153,667							

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$

SCHEDULE A - VERIFICATION BETWEEN YEARS
Real Estate

1.	Book/adjusted carrying value, December 31, prior year		
2.	Increase (decrease) by adjustment:		
2.1	Totals, Part 1, Column 11		
2.2	Totals, Part 3, Column 8		
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))		
4.	Cost of additions and permanent improvements:		
4.1	Totals, Part 1, Column 14		
4.2	Totals, Part 3, Column 10		
5.	Total profit (loss) on sales, Part 3, Column 15		
6.	Increase (decrease) by foreign exchange adjustm		
6.1	Totals, Part 1, Column 12		
6.2	Totals, Part 3, Column 9		
7.	Amounts received on sales, Part 3, Column 12 and Part 1, Column 13		
8.	Book/adjusted carrying value at end of current period		
9.	Total valuation allowance		
10.	Subtotal (Line 8 plus Line 9)		
11.	Total nonadmitted amounts		
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)		

NONE

SCHEDULE B - VERIFICATION BETWEEN YEARS
Mortgage Loans

1.	Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year		
2.	Amount loaned during year:		
2.1	Actual cost at time of acquisitions		
2.2	Additional investment made after acquisitions		
3.	Accrual of discount and mortgage interest points a		
4.	Increase (decrease) by adjustment		
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the year		
7.	Amortization of premium		
8.	Increase (decrease) by foreign exchange adjustment		
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period		
10.	Total valuation allowance		
11.	Subtotal (Line 9 plus Line 10)		
12.	Total nonadmitted amounts		
13.	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)		

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS
Long-Term Invested Assets

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year		1,190,478
2.	Cost of acquisitions during year:		
2.1	Actual cost at time of acquisitions		
2.2	Additional investment made after acquisitions		
3.	Accrual of discount		
4.	Increase (decrease) by adjustment		58,839
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the year		
7.	Amortization of premium		
8.	Increase (decrease) by foreign exchange adjustment		
9.	Book/adjusted carrying value of long-term invested assets at end of current period		1,249,317
10.	Total valuation allowance		
11.	Subtotal (Line 9 plus Line 10)		1,249,317
12.	Total nonadmitted amounts		465,719
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)		783,598

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31 , at Book / Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D and DA (Group 1)											
1.1 Class 1	1,971,609	1,536,898				3,508,507	20.9	4,513,063	26.4	3,508,507	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals	1,971,609	1,536,898				3,508,507	20.9	4,513,063	26.4	3,508,507	
2. All Other Governments, Schedules D and DA (Group 2)											
2.1 Class 1											
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals											
3. States, Territories and Possessions etc., Guaranteed, Schedules D and DA (Group 3)											
3.1 Class 1											
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals											
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D and DA (Group 4)											
4.1 Class 1											
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 Totals											
5. Special Revenue and Special Assessment Obligations etc., Non-Guaranteed, Schedules D and DA (Group 5)											
5.1 Class 1											
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 Totals											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31 , at Book / Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated) , Schedules D and DA (Group 6)											
6.1 Class 1											
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 Totals											
7. Industrial and Miscellaneous (Unaffiliated) , Schedules D and DA (Group 7)											
7.1 Class 1	12,644,306	650,156				13,294,462	79.1	21,097,777	82.4	13,294,462	
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 Totals	12,644,306	650,156				13,294,462	79.1	21,097,777	82.4	13,294,462	
8. Credit Tenant Loans , Schedules D and DA (Group 8)											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates, Schedules D and DA (Group 9)											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 Totals											

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SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31 , at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10. 7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	14,615,915	2,187,054				16,802,969	100.0	X X X	X X X	16,802,969	
10.2 Class 2								X X X	X X X		
10.3 Class 3								X X X	X X X		
10.4 Class 4								X X X	X X X		
10.5 Class 5								X X X	X X X		
10.6 Class 6						(c) (c)		X X X	X X X		
10.7 Totals	14,615,915	2,187,054				(b) 16,802,969	100.0	X X X	X X X	16,802,969	
10.8 Line 10.7 as a % of Column 6	87.0	13.0				100.0	X X X	X X X	X X X	100.0	
11. Total Bonds Prior Year											
11.1 Class 1	20,825,917	4,784,923				X X X	X X X	25,610,840	100.0	25,610,840	
11.2 Class 2						X X X	X X X				
11.3 Class 3						X X X	X X X				
11.4 Class 4						X X X	X X X				
11.5 Class 5						X X X	X X X	(c)			
11.6 Class 6						X X X	X X X	(c)			
11.7 Totals	20,825,917	4,784,923				X X X	X X X	(b) 25,610,840	100.0	25,610,840	
11.8 Line 11.7 as a % of Column 8	81.3	18.7				X X X	X X X	100.0	X X X	100.0	
12. Total Publicly Traded Bonds											
12.1 Class 1	14,615,915	2,187,054			1	16,802,970	100.0	25,610,840		16,802,969	X X X
12.2 Class 2											X X X
12.3 Class 3											X X X
12.4 Class 4											X X X
12.5 Class 5											X X X
12.6 Class 6											X X X
12.7 Totals	14,615,915	2,187,054			1	16,802,970	100.0	25,610,840		16,802,969	X X X
12.8 Line 12.7 as a % of Column 6	87.0	13.0				100.0	X X X	X X X	X X X	100.0	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	87.0	13.0				100.0	X X X	X X X	X X X	100.0	X X X
13. Total Privately Placed Bonds											
13.1 Class 1										X X X	
13.2 Class 2										X X X	
13.3 Class 3										X X X	
13.4 Class 4										X X X	
13.5 Class 5										X X X	
13.6 Class 6										X X X	
13.7 Totals										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

(a) Includes \$freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$current year, \$prior year of bonds with Z designations and \$current year, \$prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes \$current year, \$prior year of bonds with 5* designations and \$current year, \$prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31 , At Book /Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D and DA (Group 1)											
1.1 Issuer Obligations	1,971,609	1,536,898				3,508,507	20.9	4,513,063	17.6	3,508,507	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities											
1.7 Totals	1,971,609	1,536,898				3,508,507	20.9	4,513,063	17.6	3,508,507	
2. All Other Governments, Schedules D and DA (Group 2)											
2.1 Issuer Obligations											
2.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined											
2.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5 Defined											
2.6 Other											
2.7 Totals											
3. States, Territories and Possessions, Guaranteed, Schedules D and DA (Group 3)											
3.1 Issuer Obligations											
3.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined											
3.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5 Defined											
3.6 Other											
3.7 Totals											
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D and DA (Group 4)											
4.1 Issuer Obligations											
4.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined											
4.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5 Defined											
4.6 Other											
4.7 Totals											
5. Special Revenue and Special Assessment Obligations etc. , Non-Guaranteed, Schedules D and DA (Group 5)											
5.1 Issuer Obligations											
5.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined											
5.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5 Defined											
5.6 Other											
5.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Physicians Health Plan of South Michigan

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31 , At Book /Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10. 7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated) , Schedules D and DA (Group 6)											
6.1 Issuer Obligations											
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 Totals											
7. Industrial and Miscellaneous (Unaffiliated) , Schedules D and DA (Group 7)											
7.1 Issuer Obligations	12,431,654	355,153				12,786,807	76.1	20,414,143	79.7	12,786,807	
7.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other	212,652	295,003				507,655	3.0	683,634		507,655	
7.7 Totals	12,644,306	650,156				13,294,462	79.1	21,097,777	79.7	13,294,462	
8. Credit Tenant Loans, Schedules D and DA (Group 8)											
8.1 Issuer Obligations											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates , Schedules D and DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Physicians Health Plan of South Michigan

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31 , At Book /Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	14,403,263	1,892,051				16,295,314	97.0	XXX XXX	XXX XXX	16,295,314	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								XXX XXX	XXX XXX		
10.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								XXX XXX	XXX XXX		
10.6 Other	212,652	295,003				507,655	3.0			507,655	
10.7 Totals	14,615,915	2,187,054				16,802,969	100.0	XXX XXX	XXX XXX	16,802,969	
10.8 Line 10.7 as a % of Column 6	87.0	13.0				100.0	XXX			100.0	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	20,571,566	4,355,640				XXX XXX	XXX XXX	24,927,206	96.0	24,927,206	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						XXX XXX	XXX XXX				
11.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						XXX XXX	XXX XXX				
11.6 Other	254,351	429,283						683,634	4.0	683,634	
11.7 Totals	20,825,917	4,784,923				XXX XXX	XXX XXX	25,610,840	100.0	25,610,840	
11.8 Line 11.7 as a % of Column 8	81.3	18.7							XXX	100.0	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	14,403,263	1,892,051				16,295,314	97.0	24,927,206	96.0	16,295,314	XXX XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											XXX XXX
12.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											XXX XXX
12.6 Other	212,652	295,003				507,655	3.0	683,634	4.0	507,655	
12.7 Totals	14,615,915	2,187,054				16,802,969	100.0	25,610,840	100.0	16,802,969	XXX XXX
12.8 Line 12.7 as a % of Column 6	87.0	13.0				100.0	XXX	XXX XXX	XXX XXX	100.0	XXX XXX
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	87.0	13.0				100.0	XXX			100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										XXX XXX	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										XXX XXX	
13.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										XXX XXX	
13.6 Other											
13.7 Totals										XXX XXX	
13.8 Line 13.7 as a % of Column 6							XXX	XXX XXX	XXX XXX	XXX XXX	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							XXX			XXX	

SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year	19,068,704	19,068,704			
2. Cost of short-term investments acquired	2,533,391	2,533,391			
3. Increase (decrease) by adjustment	(8,535,641)	(8,535,641)			
4. Increase (decrease) by foreign exchange adjustment					
5. Total profit (loss) on disposal of short-term investments					
6. Consideration received on disposal of short-term investments	1,117,660	1,117,660			
7. Book/adjusted carrying value, current year	11,948,794	11,948,794			
8. Total valuation allowance					
9. Subtotal (Line 7 plus Line 8)	11,948,794	11,948,794			
10. Total nonadmitted amounts					
11. Statement value (Line 9 minus Line 10)	11,948,794	11,948,794			
12. Income collected during year	582,457	582,457			
13. Income earned during year					

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

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Schedule DB, Part A, Verification Between Years
NONE

Schedule DB, Part B, Verification Between Years
NONE

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Schedule DB, Part C, Verification Between Years
NONE

Schedule DB, Part D, Verification Between Years
NONE

Schedule DB, Part E, Verification of Statement and Fair Values
NONE

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Schedule DB, Pt. F, Section 1, Replicated (Synthetic) Assets Open
NONE

Page 43

Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets
NONE

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Sch. S, Pt. 1, Sn. 2 Reinsurance Assumed Accident and Health
NONE

SCHEDULE S - PART 2

Reinsurance Recoverable on Paid and Unpaid Losses Listed by Reinsuring Company as of December 31, Current Year

1	2	3	4	5	6	7
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Paid Losses	Unpaid Losses
Accident and Health, Non-affiliates						
39845	48-0921045	01/01/2007	Employers Reinsurance	Overland Park, KS	483,164	
0599999 - TOTAL - Accident and Health, Non-affiliates					483,164	
0699999 - TOTAL - Accident and Health					483,164	
0799999 - GRAND TOTAL - Accident and Health					483,164	

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31 , Current Year

1	2	3	4	5	6	7	8	9	Outstanding Surplus Relief		12	13
									10	11		
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Type	Premiums	Unearned Premiums (estimated)	Reserve Credit Taken Other than for Unearned Premiums	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
Authorized General Account, Non-Affiliates												
39845	48-0921045	01/01/2007	Employers Reinsurance Corporation	Overland Park, KS	SSL/L/G	827,134						
0299999 - Authorized General Account, Non-Affiliates						827,134						
0399999 - Total Authorized General Account						827,134						
0799999 - Total Authorized and Unauthorized General Account						827,134						
1599999 - GRAND TOTAL						827,134						

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Sch. S, Pt. 4, Reinsurance Ceded to Unauthorized Companies

NONE

SCHEDULES S - PART 5

Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2007	2 2006	3 2005	4 2004	5 2003
A. OPERATIONS ITEMS					
1. Premiums	827	921	649	714	726
2. Title XVIII - Medicare					
3. Title XIX - Medicaid					
4. Commissions and reinsurance expense allowance					
5. Total hospital and medical expenses					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable		29		69	124
8. Reinsurance recoverable on paid losses	483	263	35	142	89
9. Experience rating refunds due or unpaid		225	211	6	232
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Column 3)			
1. Cash and invested assets (Line 10)	18,642,804		18,642,804
2. Accident and health premiums due and unpaid (Line 13)	204,607		204,607
3. Amounts recoverable from reinsurers (Line 14.1)	483,164		483,164
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)	3,251,543		3,251,543
6. Total assets (Line 26)	22,582,118		22,582,118
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)	7,693,385		7,693,385
8. Accrued medical incentive pool and bonus payments (Line 2)	1,783,774		1,783,774
9. Premiums received in advance (Line 8)	63,319		63,319
10. Funds held under reinsurance treaties with authorized and unauthorized insurers (Line 17)			
11. Reinsurance in unauthorized companies (Line 18)			
12. All other liabilities (Balance)	1,602,362		1,602,362
13. Total liabilities (Line 22)	11,142,840		11,142,840
14. Total capital and surplus (Line 31)	11,439,278	X X X	11,439,278
15. Total liabilities, capital and surplus (Line 32)	22,582,118		22,582,118
NET CREDIT FOR CEDED REINSURANCE			
16. Claims unpaid			
17. Accrued medical incentive pool			
18. Premiums received in advance			
19. Reinsurance recoverable on paid losses			
20. Other ceded reinsurance recoverables			
21. Total ceded reinsurance recoverables			
22. Premiums receivable			
23. Funds held under reinsurance treaties with authorized and unauthorized insurers			
24. Unauthorized reinsurance			
25. Other ceded reinsurance payables/offsets			
26. Total ceded reinsurance payables/offsets			
27. Total net credit for ceded reinsurance			

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Sch. T, Part 2, Interstate Compact

NONE

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Sch. Y, Pt. 2, Insurer's Transactions with any Affiliates

NONE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a NONE report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	RESPONSE
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 460:	
2. Will an actuarial opinion be filed by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 440:	
3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 390:	
4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 390:	
APRIL FILING	
5. Will Management's Discussion and Analysis be filed by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 350:	
6. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 285:	
7. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 210:	
JUNE FILING	
8. Will an audited financial report be filed by June 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 220:	

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a NONE report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	MARCH FILING	RESPONSE
9.	Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	NO
EXPLANATION:		
	Not applicable	
BARCODE:		
Document Identifier 360:	<div>525642007360000000</div>	

10.	Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?	NO
EXPLANATION:		
	Not Applicable	
BARCODE:		
Document Identifier 205:	<div>525642007205000000</div>	

11.	Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC?	NO
EXPLANATION:		
	Not Applicable	
BARCODE:		
Document Identifier 207:	<div>525642007207000000</div>	

12.	Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	NO
EXPLANATION:		
	Not Applicable	
BARCODE:		
Document Identifier 420:	<div>525642007420000000</div>	

13.	Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
EXPLANATION:		
	Not Applicable	
BARCODE:		
Document Identifier 365:	<div>525642007365000000</div>	

	APRIL FILING	
14.	Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	NO
EXPLANATION:		
	Not Applicable	
BARCODE:		
Document Identifier 330:	<div>525642007330000000</div>	

15.	Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?	NO
EXPLANATION:		
	Not Applicable	
BARCODE:		
Document Identifier 211:	<div>525642007211000000</div>	

16.	Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC?	NO
EXPLANATION:		
	Not Applicable	
BARCODE:		
Document Identifier 213:	<div>525642007213000000</div>	

Health

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